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**BOARD OF DIRECTORS REPORT ON THE SIXTH ITEM ON THE AGENDA OF THE  
ORDINARY SHAREHOLDERS' MEETING**

(PURSUANT TO ARTICLE 125-TER OF LEGISLATIVE DECREE NO. 58 OF FEBRUARY 24, 1998

AS AMENDED AND SUPPLEMENTED)

(CONVENED FOR APRIL 18<sup>st</sup>, 2024 ON SINGLE CALL)

**6. Authorization to purchase and dispose of treasury shares pursuant to Articles 2357 and 2357-ter of the Civil Code, Article 132 of Legislative Decree No. 58/1998, and Article 144-bis of the Regulations approved by Consob with Resolution 11971/1999 subject to revocation, for the part not yet executed, of the authorization resolved by the Shareholders' Meeting on April 13<sup>th</sup>, 2024. Inherent and consequent resolutions.**

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Dear Shareholders,

the Board of Directors convened the Ordinary General Shareholders' Meeting at the registered office of BFF Bank S.p.A. (the "**Bank**" or the "**Company**") in Milan at Via Domenichino no. 5 (the "**Corporate Headquarters**"), on single call (the "**General Meeting**"), to debate and resolve, inter alia, upon the proposal concerning Authorization to purchase and dispose of treasury shares in accordance with Articles 2357 and 2357-ter of the Italian Civil Code and Article 132 of Legislative Decree No. 58/1998 as subsequently amended (the Consolidated Financial Act, "**TUF**"), at the same time revoking the resolution of the Shareholders' Meeting of April 13<sup>th</sup>, 2023 ("**Authorization 2023**") for the portion not executed, and without prejudice to any transactions carried out in the meantime.

Pursuant to Article 73 of the CONSOB Regulation adopted by resolution no. 11971/1999, as subsequently amended (the "**Issuer Regulation**"), the administrative body must, twenty-one days before the date set for a General Meeting called to resolve on the acquisition and disposal of treasury shares, make a report on the items on the Agenda, prepared in accordance with Annex 3A – Schedule 4 – of the Issuer Regulation, available to the public at the registered office, on the Company's website and as otherwise provided for by the CONSOB.

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**1. The reasons behind the authorization to purchase and/or dispose of treasury shares**

This request for authorization (the "**Authorization Request**") is aimed at authorising the Board of Directors to purchase and dispose of Bank's treasury shares in compliance with applicable legislation, also European, in force from time to time<sup>1</sup>, so that the Company may:

- (a) directly or via intermediaries, carry out transactions to stabilise and/or maintain the liquidity of BFF's stock;

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<sup>1</sup> It is understood that the effective launch of the programme to purchase treasury shares may be resolved upon by the Board of Directors subject to the Bank of Italy authorization pursuant to Article 78 of (EU) of Regulation no. 575/2013 of the European Parliament and Council of 26 June 2013 (the "**CRR**").

- (b) dispose of treasury shares to be used: (i) to serve share incentive plans reserved for Company Directors and/or employees of the Company and/or of companies directly or indirectly controlled by it, in force from time to time, and (ii) to balance the variable remuneration of the “Risk Takers” in execution of the BFF Banking Group’s incentive system referred to in the *“Remuneration and Incentive Policy in favour of Members of the Strategic Supervision, Management and Control Bodies, and Personnel of the BFF Banking Group”* in force from time to time; as well as
- (c) have a “securities store” to be used in the context of extraordinary transactions such as, for example, acquisitions, issue of bonds convertible into Company shares, or other transactions in relation to which it is necessary or appropriate to exchange or dispose of shares packages by, for example, exchange, conferral, or some other acts of disposal and/or use.

The Authorization Request also authorises the Board of Directors to perform recurring and successive acquisitions and sales (or other acts of disposal) of the shares in portfolio, also revolving and for fractions of the maximum authorised amount. Such transactions shall be carried out so that, at any time, the number of shares purchased and owned by the Company does not exceed the limits provided for by law and the General Meeting’s authorization and is in compliance with the applicable legal and regulatory provisions<sup>2</sup>, market practices permitted from time to time<sup>3</sup>, and the regulatory provisions applicable to banks<sup>4</sup>.

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<sup>2</sup> By way of example, the TUF, the Issuer Regulation, (EU) Regulation no. 596 of 16 April 2014 concerning market abuse (the “MAR”), and (EU) Delegated Regulation no. 1052 of 8 March 2016 on the conditions applicable to buy-back of treasury shares and stabilisation measures.

<sup>3</sup> Reference should be made here to market practices permitted by the CONSOB in resolutions no. 21318 del 7 April 2020.

<sup>4</sup> On this aspect, by way of example, see (EU) Delegated Regulation no. 241 of 7 January 2014, adopted by the European Commission for the purposes of Articles 77 and 78 of the CRR and Part Two, Chapter I, Section VI of “Supervisory Provisions for Banks” (Circular no. 285/2013).

2. **The maximum number, class and par value of shares the authorization refers to**

With reference to this Request for Authorization it is proposed to purchase, in one or more tranches, a maximum number of Bank's ordinary shares (the "Treasury Shares") not exceeding no. 8,868,516.20 shares of zero par value, considering treasury shares already in the Bank's portfolio as at the date of this Report.

In appraising compliance with the limit above, it will be necessary to take into account also any shares acquired by subsidiaries.

3. **Useful information for assessing compliance with Article 2357, paragraphs 1 and 3 of the Italian Civil Code and Article 132 of the TUF**

The maximum amount of Own Shares referred to in this Authorization Request is equal to no. 8,868,516.20, corresponding - taking into account the own shares already in stock of the Company at the date of this Report - to 5% of the no. 187,218,044 shares with no nominal value representing, as at the date of this Report, the entire subscribed and paid-up share capital of the Bank, amounting to Euro 144,157,893.80 *indicate value as of date of publication*, therefore, the authorization to purchase Treasury Shares covered by this proposal complies with the provisions of art. 2357, paragraph 3, of the Italian Civil Code.

At the date of this Report, the Company holds no. 492.386 Own Shares.

Pursuant to Article 2357, paragraph 1, of the Italian Civil Code, the purchase of Treasury Shares must take place within the limits of the distributable profits and available reserves resulting from the latest financial statements approved at the time the transaction is carried out, as well as in compliance with the provisions of Article 132 of the Consolidated Finance Act, as better specified in paragraph 6 of this Report.

In this regard, reference is made to the draft financial statements for the year ended 31 December 2023 (available in the "*Investor/Governance/ Shareholders' Meeting documentation*" section of the Website), assuming approval of the same by the Shareholders' Meeting under the terms proposed by the Board of Directors. These draft financial statements show available reserves of EUR 281.409.206.

It should also be noted that the Board of Directors is required to verify compliance with the conditions required by Article 2357, paragraphs 1 and 3, of the Italian Civil Code, for the purchase of Own Shares at the time when it resolves to initiate purchases.

When shares are purchased or sold, exchanged, transferred or written down, the appropriate accounting entries must therefore be made, in accordance with applicable laws and regulations (including applicable regulations and accounting standards). The proceeds from the sale, exchange, contribution or devaluation of the Bank's Own Shares may be reused for further purchases of Own Shares, until the expiry of the term of the Shareholders' authorization, subject to the quantitative and spending limits and the conditions established by the Shareholders' Meeting.

#### **4. Duration for which authorization is required**

Authorization to purchase treasury shares is requested for the maximum duration provided for by Article 2357, paragraph 2, of the Italian Civil Code, equal to 18 (eighteen) months as of the date of the General Meeting's resolution approving this Authorization Request.

During that term, the Board of Directors may carry out treasury shares transactions described herein, in one or more tranches and at any time, to the extent and over a period freely determined, in compliance with the provisions of reference, including those of the Community, and market practice pro tempore in place, and with the timing judged to be in the Bank's interests.

Authorization is requested for the transfer, disposal and/or use of treasury shares which may be in the portfolio and/or to be acquired without a time limit, given the absence of regulatory limitations in this respect and the possibility of maximum flexibility, as well as in terms of the time frame for its possible disposal.

#### **5. Minimum and maximum price and market valuations on the basis of which the same will be determined**

The Request for Authorization to purchase treasury shares must comply with the pricing conditions in Article 3, paragraph 2 of EU Delegated Regulation no. 2016/1052, that is on the date of this Report, for a price not more than (i) that of the latest independent transaction or (ii) that for the highest current independent purchase offer on the Computerised Share Euronext Milan and managed by Borsa Italiana S.p.A., whichever is higher, or in accordance with the provisions in place from time to time.

Purchases must in any case be at a per-share price that does not shift more than 20% below or above the reference price recorded for the security at the stock market session prior to each individual transaction.

#### **6. Methods through which purchases and dispositive acts will be carried out**

The Authorization Request requires acquisitions of treasury shares to be implemented on regulated markets, in the manner to be specified by the Board of Directors, with priorities deemed to be in the Bank's interests as permitted in law and regulations, including those of European rank, in place from time to time and therefore, among other things, the applicable provisions of the TUF, of the Issuer Regulation, of the MAR, of the aforementioned EU Delegated Regulation no. 1052 of 8 March 2016, along with market practice from time to time, and as applicable. In particular, in line with Article 132, paragraph 1, of the TUF, acquisitions of treasury shares must ensure that Shareholders are treated equitably. In this respect, among the procedures defined in Article 144-bis, paragraph 1 of the Issuer Regulation, share acquisitions may be implemented:

- i. in a public offer to purchase or exchange; or
- ii. on regulated markets in the operating procedures established in the regulations organising and managing such markets, without direct matching of buy orders against predetermined sale orders.

Moreover, given the exemption in Article 132, paragraph 3 of the TUF, those procedures will not apply to purchases of treasury shares held by employees of the Company, of the subsidiaries or of the parent Company and assigned or subscribed in the terms of Articles

2349 and 2441, paragraph 8, of the Italian Civil Code, or resulting from compensation plans as provided for in Article 114-*bis* of the TUF.

This Authorization Request also requires the following in assignment or other acts to dispose of or use any treasury shares in the portfolio or acquired with this Authorization:

(a) if paid in cash, to be for a price per share determined based on market practice criteria from time to time, or which in any event may not diverge, downward or upward, by more than 10% from the reference price posted for the security at the stock exchange session preceding each individual transaction;

(b) if implemented in the category of the extraordinary transactions in the terms of paragraph 1(c) above, for example, by exchange, conferral, swap or some other act of disposal and/or use, to be at the price limits and in the terms and conditions decided on by the Board of Directors;

(c) if part of share incentive plans or remuneration policy, to be assigned to the target of such plan or remuneration policy in the categories and terms indicated therein or according to the applicable policies and regulatory standards.

## **7. Information when an acquisition leads to a capital reduction**

This Authorization Request is not a means of reducing capital.

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Now, therefore, the following motion is tabled for your approval:

*“The General Meeting of BFF Bank S.p.A., after examination of the Board of Directors’ Report on this item on the Agenda,*

### ***resolves***

- 1. to revoke the previous Authorization for the acquisition and disposal of Bank treasury shares granted on April 13<sup>th</sup>, 2023 from the General Meeting, for the portion not executed as of the date of this resolution and without prejudice to any transactions carried out in the meantime;*

2. *to authorise the Board of Directors – pursuant to and for the purposes of Article 2357 of the Italian Civil Code – to purchase Bank shares once or more, for a term of eighteen months as of the date of this Resolution, for the purposes mentioned in the Board of Directors’ report to today’s General Meeting on this item on the Agenda, on the following terms and conditions:*
  - (i) *the maximum number of securities to be purchased is equal to 8,868,516.20 Company’s ordinary shares representing, together with the treasury shares already in the Bank’s portfolio, 5% of the shares into which the Bank’s capital is divided, currently amounting to no. 492.386 zero-par-value ordinary shares; purchases shall be carried out within the limits of the distributable profits and available reserves according to the most recently duly approved financial statements;*
  - (ii) *acquisitions must be:*
    - *at the price conditions in Article 3, paragraph 2 of EU Delegated Regulation No. 2016/1052;*
    - *in any event at a price per share which may not vary, downward or upward, by more than 20% of the reference price listed for the security at the last stock market session prior to each individual transaction.*
  - (iii) *acquisitions must ensure that Shareholders are treated equitably, and take the form established in the provisions of reference, including those of the Community, and in current market practice, as indicated in the Board of Directors’ report to today’s General Meeting on this item on the Agenda;*
3. *to authorise the Board of Directors – as provided for and for the purposes of Article 2357-ter of the Italian Civil Code – to dispose of all or part of the portfolio treasury shares, once or more and without time limits, including before reaching the maximum of purchasable shares, plus possible buy-back of shares, to the extent that treasury shares held by the Company and as applicable by its subsidiaries, does not exceed the limit in the Authorization pursuant to point 2 above. Treasury shares in the portfolio may be disposed*



*of and/or used for the purposes indicated in the Board of Directors' report submitted to today's General Meeting dealing with this item on the Agenda:*

- if paid in cash, at a per-share price determined according to market practice criteria from time to time, or which in any event may not diverge, downward or upward, by more than 10% of the reference price posted for the security during the stock exchange session preceding each individual transaction;*
  - if implemented in the category of extraordinary transactions pursuant to paragraph 1(c) above, for example, by exchange, conferral, swap or some other act of disposal and/or use, to be at the price limits and on the terms and conditions decided on by the Board of Directors;*
  - if part of share incentive plans or remuneration policy, to be assigned to the targets of such plan or remuneration policy in the categories and terms indicated in such plans or according to the applicable policies and regulatory standards.*
4. *to grant the Board of Directors any powers needed to implement the aforesaid Resolutions, providing such as may be required, opportune, instrumental and/or related to the satisfactory implementation thereof, while disclosing the information demanded under the provisions of reference, including those of the Community, and currently accepted market practice".*

Milan, 7 march 2024

For the Board of Directors  
THE CHAIRMAN  
(Salvatore Messina)